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FEDERAL OIL AND GAS ROYALTY SIMPLIFICATION AND FAIRNESS ACT OF 1996

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Public Law 104-185  
104th Congress

An Act

To improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes. <<NOTE: Aug. 13, 1996 - [H.R. 1975]>>

Be it enacted by the Senate and House of Representatives of the United States of America in Congress <<NOTE: Federal Oil and Gas Royalty Simplification and Fairness Act of 1996.>> assembled,

SECTION 1. SHORT <<NOTE: 30 USC 1701 note.>> TITLE.

This Act may be cited as the ``Federal Oil and Gas Royalty Simplification and Fairness Act of 1996''.

SEC. 4. SECRETARIAL AND DELEGATED STATES' ACTIONS AND LIMITATION PERIODS.

(a) In General.--The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by adding after section 114 the following new section:

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``SEC. 115. SECRETARIAL AND DELEGATED <<NOTE: 30 USC 1724.>> STATES' ACTIONS AND LIMITATION PERIODS.

``(a) In General.--The respective duties, responsibilities, and activities with respect to a lease shall be performed by the Secretary, delegated States, and lessees or their designees in a timely manner.

``(b) Limitation Period.--

``(1) In general.--A judicial proceeding or demand which arises from, or relates to an obligation, shall be commenced within seven years from the date on which the obligation becomes due and if not so commenced shall be barred. If commencement of a judicial proceeding or demand for an obligation is barred by this section, the Secretary, a delegated State, or a lessee or its designee (A) shall not take any other or further action regarding that obligation, including (but not limited to) the issuance of any order, request, demand or other communication seeking any document, accounting, determination, calculation, recalculation, payment, principal, interest, assessment, or

penalty or the initiation, pursuit or completion of an audit with respect to that obligation; and (B) shall not pursue any other equitable or legal remedy, whether under statute or common law, with respect to an action on or an enforcement of said obligation.

``(2) Rule of construction.--A judicial proceeding or demand that is timely commenced under paragraph (1) against a designee shall be considered timely commenced as to any lessee who is liable pursuant to section 102(a) of this Act for the obligation that is the subject of the judicial proceeding or demand.

``(3) Application of certain limitations.--The limitations set forth in sections 2401, 2415, 2416, and 2462 of title 28, United States Code, and section 42 of the Mineral Leasing Act (30 U.S.C. 226-2) shall not apply to any obligation to which this Act applies. Section 3716 of title 31, United States Code, may be applied to an obligation the enforcement of which is not barred by this Act, but may not be applied to any obligation the enforcement of which is barred by this Act.

``(c) Obligation Becomes Due.--

``(1) In general.--For purposes of this Act, an obligation becomes due when the right to enforce the obligation is fixed.

``(2) Royalty obligations.--The right to enforce any royalty obligation for any given production month for a lease is fixed for purposes of this Act on the last day of the calendar month following the month in which oil or gas is produced.

``(d) Tolling of Limitation Period.--The running of the limitation period under subsection (b) shall not be suspended, tolled, extended, or enlarged for any obligation for any reason by any action, including an action by the Secretary or a delegated State, other than the following:

``(1) Tolling agreement.--A written agreement executed during the limitation period between the Secretary or a delegated State and a lessee or its designee (with notice to the lessee who designated the designee) shall toll the limitation period for the amount of time during which the agreement is in effect.